

INTRODUCTION

Don't forget chicken

Madame Chairman, Guests.

Amusing comment or story if possible.

Your presence here tonight indicates an ^{active} interest in the problems facing the whole country today:--the protection of the less fortunate groups of society; ~~than~~ the problem of organized crime, of the narcotics traffic --these matters which seem today to pervade the very atmosphere, problems which ^{seem to press in upon us every hour of the day} ~~surround us everywhere.~~ ~~XXXX~~ Until World War II when I went into that vast dome of silence from which I can never emerge, I was for many years a combatant in the war against one kind of ~~crime~~ organized crime--smuggling, ^{be it narcotics or alcohol,} To prevent being caught, criminals must adopt ~~many~~ methods of keeping under cover. At times they must even keep what they say under cover:--thus they ~~some~~ sometimes use codes and ciphers; hence on this score I entered the battle.

Perhaps many of you think that the expression code and cipher expert describes a person who must live in a world apart. I'm sure most of you would say, if asked, that you haven't the faintest idea of what code and cipher is. Yet in your everyday life you meet constantly expressions which actually are a form of code. Your child's report card for example: in your school the letter A stands ^{may} for high grade work, ~~B for next to~~ ^{and F for} high grade; but another school ~~may have~~ the letter E (for excellent) ^{may mean} meaning high grade work, the letter ~~A (for Average)~~ ^{and the letter} for next grade work, F for Fair etc. These are nothing more nor less than CODE. (How many times parents are completely puzzled by the conversation of adolescents--they speak in what is to us elders a code)

As a matter of fact, all slang is code: the word used does not have its dictionary meaning but an arbitrary one.

Every day when you read the newspapers you probably read headlines that make not a grain of sense when first seen. The N.Y. TIMES a few days ago quoted a headline from VARIETY: HICKS NIX STICKS PIX. ^{film features} Meaning when decoded that rural audiences reject ~~stick figures~~ ^{and} Organized crime has virtually a complete language of its own tures depicting farm life..... Then again within your own experience you may meet the use of terms in a given area of the underworld, such as narcotics. If you happened one day to hear, from a man strolling along the street, ~~the words~~ as if he were softly muttering to himself, the words, HORSE, HORSIE, would you realize that here was a seller of heroin advertising his wares? If in Chinatown and you heard the word FOOK uttered by a Chinese, you would be hearing ~~the word~~ ^{a Chinese code word for SMOKING OPIUM} Daily you use terms like ~~XXXXXX~~ UNESCO, FADA, etc. Here as in your child's report card, you have a single letter representing a whole word--(FADA Food and Drug Administration, UNESCO United Nations Economic, Social Cultural Organization.)

Another question I am frequently asked is how in the world I ever got into this field of activity. At the time U S went into World War I there were hardly a handful of persons who knew even the meaning of the terms code and cipher. I was one of a very small group of persons who undertook to serve the government in solving enemy codes and ciphers; we had ~~to~~ be the learners, the teachers, and the workers, all at one and the same time. After that war the science was put away in mothballs, so to speak, to be

more or less a dead subject.

more or less a dead subject. But a minority group in this country succeeded in passing a Constitutional Amendment which had terrific repercussions--the Prohibition Amendment, now facetiously referred to as THE GREAT EXPERIMENT. It was inevitable that liquor smuggling should arise. Smuggling promised to be--and became--an extremely ^{Liquor} ^{operations} lucrative business. Smuggling ranged in importance from a one-man, or one-boat operations battling with each other for trade, to corporations which grew to be multi-million dollar companies. Although the Canadian Government itself cooperated wholeheartedly in the efforts of the U S to enforce the law, there were Canadian citizens on both the East and West Coasts who became fabulously wealthy. One such corporation in Vancouver, B.C. was sued, after Prohibition was repealed, by the U S for 17 million dollars in lieu of the taxes that corporation would have paid had its smuggled liquor been imported to the U S legally. One of the corporation's partners, a man named George Reifel, was found ^{inside the U.S.} across our borders and arrested. In view of the large U S ^{suit against him} claim, he was required to post a bond of ^{200,000} a quarter-million dollars. This must have seemed "peanuts" to him, for he never bothered to return to the U S for trial, thus jumping bond on a ^{nearly a} cool quarter million ^{dollars}. Now these large smuggling corporations had ~~wholly flouted the law~~ to give orders and instructions to their vessels at sea, and had to communicate with their buyers in the U S. Thus they were compelled to use radio. Since any signals going through the air can be intercepted and recorded, they ^{SMUGGLERS} were in turn compelled to adopt ^{the use} means of codes and cipher to ^{meaning} ~~conceal~~ their ~~real~~ messages. And this is where I ~~remain~~ ^{was pressed into service}. (Today with women roaming the world as war correspondents, it would certainly occasion no surprise for a woman to be engaged in combatting smugglers. In the early 20's, ~~it was~~ ^{no men who} had had experience in the field of hidden communications were available. Hence I, a woman, was the government's choice, perforce.)

In CIPHER we deal with ~~the~~ single LETTERS, not words or sentences.
 In contrast to CODE where a group of 5 letters may stand for a meaning of many, many

~~more letters or even a whole sentence~~, the term CIPHER is applied to ~~a form of hidden~~
 a hidden message

~~wherein~~ wherein a single letter, numeral or character ~~usually~~ ^{the} represents just
 one, or at the most two, letters of plain language. (SLIDE of Greek message). Here

we see an example of a cipher message:-- each two-digit number stands for a single
 letter in the concealed message, which is in the Greek language, and gives directions
 for a narcotics smuggling operation between Athens, Greece and Cairo, Egypt. Inci-
 dentally this message is interesting for another reason:--it is an example of a single
 message, in a foreign language unknown to me, which was nevertheless solved. It is

not ~~frequently~~ ^{often} possible to solve a single message, unless the system employed is a

very elementary one. I hold here (HOLD UP DOLLAR MESSAGE) an example of a single

message, found written on the back of a dollar bill, some years ago, which ~~has been~~ ^{was}

studied and analyzed by most of the experts in this country and yet has never been

solved. The perpetrator of that one chose a system which almost invariably defies

solution when only a single example is available for study. ~~Thus you see~~ ^{But} It is the

type of system used, not the factor of known or unknown language, which determines
 solution.

Show SLIDE OF RUM*RUNNING MESSAGE IN ENCIPHERED CODE

You have seen a sample of code; you have seen a sample of cipher; here you see an

example of a third great class of concealed message: ENCIPHERED CODE. Observe line

A: the message as it went through the air by short wave radio; the plain language message

may be read on line E; but before arriving at the plain language, four separate and

~~distinct~~ ^{to be} steps ~~had been~~ taken. This is an actual message sent in the operations of

that large Pacific fleet of liquor-smuggling vessels off the Pacific Coast which

~~I exhibited~~ ^{you saw} a few minutes ago. The corporation in Vancouver had prepared for them
 actually

a private code (or several of them) to be used in their smuggling activities; then the
 that is, enciphered by

5-letter code groups were converted ~~into~~ other letters, shown here on line B; the letters

were enciphered in turn by numbers--line C; these numbers ~~enciphered~~ enciphered by still

other numbers:--line D. Three cipher systems were therefore imposed upon the original

code system, necessitating ~~five~~ ^{four} steps in all to reduce the air-wave message to the plain

language message. By 1930 ^{the Treasury Department was intercepting} ~~we were solving~~ dozens of such message daily. This may ap-

As the smuggling game grew and grew, and the radio messages mounted into astronomical numbers, of solving their messages.

I was asked to train a group of persons in the work. In the meantime the use of ~~secret~~ codes and ciphers had spread to other fields of smuggling and law-violation, such as narcotics, counterfeiting, income-tax-evasion, and the like, and the 6 law-enforcement agencies of the Treasury Department were placed under a "Coordinator",-- Elmer Grey, the man you recall who caught AL Capone. Under ~~him~~ the work of my group became international in scope. Efforts against him

narcotics smugglers were carried on all over the world; in the smuggling of liquor the United States from British Columbia around through Panama and the Gulf of Mexico, and all the way up the Atlantic Coast Line to Nova Scotia, became ~~the~~ vast empire of illegal liquor-smuggling kings, whose fleets of vessels ranged in size from huge "mother ships" of 60,000 tons, intermediate auxiliary ships ^{carrying} 10 to 15,000 tons, ^{case houses} down to small very fast motor boats which dashed out and in from the larger vessels to shore. In 1930 one smuggling corporation alone, with head-

quarters in Vancouver, B.C. had a short-wave radio network operating from two shore stations which controlled the loadings, movements, and contacts of a fleet of 12 ships (exclusive of shore speed boats) along the Pacific Coast and which communicated in nine different systems of ~~communication~~ code, cipher, and enciphered code. By 1933 this corporation

had extended operations to the Gulf of Mexico, added shore stations in Belize, Brit. Hond. and in Tahiti in the South Pacific, to their networks, with 18 to 22 ships exclusive of shore speed boats, carrying on the operations. All the while other smuggling groups were conducting extensive activities on all coasts. The combat against

plex organizations became a highly complex battle of wits. The smugglers attempted to conceal their messages under such of codes and ciphers and the Government sought to solve these codes and ciphers.

Now you have heard me use the terms code, cipher and enciphered code. The laymen in a

customarily thinks and speaks of all forms of hidden communications as "code". This

term, however, is a specific term for a specific type of concealed communication;--

it means the use of an arbitrary word or group of 5 arbitrarily chosen letters, to

for a code, a word is used to

represent another word, phrase, or sentence. Conventionalized code books are widely used

in commercial transactions, either "private" codes (constructed for a specific business)

or "public" codes, that is, those that are purchasable by any one, and used chiefly Without resorting to code books, it is common practice to use REURTEL in business telegrams for economy in telegraph and cable. Such a one as the latter you see here a "public" code

which is a page from the Postal Telegraph Company's code for travelers.

It does not take a code expert to tell you that means REGARDING YOUR TELEGRAM

pear like a 1-2-3-4-5 proposition as you view it here, but I assure you it was not a simple problem, for we had to reconstruct ^{through} ~~from~~ analysis alone, the basic private code which was employed. This was a "book" consisting of 9999 groups of 5 letters and an equivalent 5-digit numeral group; either the number-group or the letter-group could be used to represent the word, phrase or sentence of plain language assigned to it. Usually the term "enciphered code" ~~is~~ means that one code process and one cipher process only are applied. ~~However~~ But these smugglers believed that by piling up layer upon layer of concealed processes, they were eluding solution forever. That they did not, is an illustration of another truism in this science:--that the number of systems or the number of different steps employed to conceal meaning does not necessarily prevent solution.

Now let us go back for a moment and take a flying trip through history.

IV

the average person thinks of codes and ciphers as being
Although ~~history reveals that this science of concealment of meaning by the use~~

~~of codes and ciphers has been~~ employed mostly for diplomatic and military purposes, and therefore it might be thought that the science originated only with the development of nations ~~and governments~~ in their dealings with or against other nations, ~~or governments~~. ^{But} it is actually a fact that the use of ciphers goes back to the dawn of history. SLIDE SHESHAKH and ~~MASONIC~~ ^{TIT-TAT-TOE} For many years, centuries

in fact, the word SHESHAKH in the Bible puzzled scholars, until one day some one wrote down the 22 characters of the Hebrew alphabet 11 over 11. As you see the 21st character SH is thus made to represent the 2nd character or B; KH to represent the 12th character L--thus SH(e)SH(a)KH equals Babel or Babylon..... Below you see an old, old cipher, sometimes called the Masonic cipher, ^{based on a TIT-TAT-TOE design that really was made at times} in which the right angle of ^{and rediscovered by young boys in every} the tit-tat-toe design represents the letter A or the figure 1; the same right angle with one dot represents the letter I or figure 10; with two dots it means the letter Q or figure 100, etc. etc.

SLIDE

SCYTALE

In Roman times a favorite cryptographic system was known as the SCYTALE. A long strip of paper was wrapped around a baton-like club, and the letters (in plain language) written on the outermost ^{surface} edges of the adjoining edges of the strip, so that when unwound from the baton, nothing but meaningless fragmentary marks appeared on the paper. This

was
 paper was then sent by a runner or courier to the person who intended to receive
 the message; the latter wrapped the paper around a baton of the identical size,
 thus brought the fragments of letters together again, and read his message. The
 baton carried by all field marshals today of whatever country is a survival of this
 old Roman custom. ~~Taking a flying trip down through history,~~

SLIDE WRITING BY CIPHER

Here you see examples of cipher writing, the first used by Charlemagne, the 2nd
 King Alfred, and on down through No 6, a cipher used by Cardinal Wolsey, to
 the last, used by Sir Edw. Stafford, Minister to Madrid in 1586.

SLIDE MARY QUEEN OF SCOTS

Here you see a system employed by Mary Queen of Scots: cipher alphabet here,
 syllabary and code below, with numbers 79, 88, 100, etc representing monarchs,
 King of France, Queen of Scots, etc.

SLIDE CIPHER WITH BABINGTON

The famous Babington plot of history was carried on by means of the system you
 see here. Later studies in history revealed evidence that the British officials of
 the day FRAMED the luckless Mary.

SLIDE THE FORGED POSTSCRIPT

Here you see what is believed to be the forged postscript to one of Mary's
 messages to Babington--used in the evidence upon which she was tried and executed.

SLIDE EARLY AMERICAN SYLLABARY

Here is an example of an early American syllabary, or code, in which 2-digit numbers
 represent single letters of the alphabet, 3-digit numbers, words.

SLIDE PORTION OF JEFFERSON'S SYLLABARY

Here is a page from a ~~similar syllabary~~ ^{type of} or code, very popular in the days of our
 colonial ancestors--this is one used by Thomas Jefferson.

SLIDE LINCOLN TO GRANT

Here is a facsimile of a message written in President Lincoln's hand to General
 Grant. This system is called a route cipher:--words are taken out by columns in an

irregular order, and the message as sent might read NO HE FIRST & FULLY BANKS
 RUSH TO AT OUT I YOU MAIL THROUGH, ETC ETC.

In the next two slides you will see ~~xxxxxxxxxx~~^a code message the solution of which quite definitely changed the course of history in modern times. ~~Here is~~

13 SLIDE

ZIMMERMAN MESSAGE

the message sent by Count Von Bernstorff, the German Ambassador in Washington in Janury, 1917, to the German Legation in Mexico City, forwarding the message from the German Foreign Minister in Berlin. SLIDE PLAIN LANGUAGE, ZIMMERMAN MSG.

14 If you will take a rapid reading of the plain language, the message as it was solved and presented to President Wilson, you will see that Germany is promising to Mexico the return of Texas, New Mexico and Arizona in return for cooperation and joint conduct of the war. Within a few days after President Wilson revealed this message to the U--S-- Congress, War was declared upon Germany by the United States.

SPIES

~~SLIDE SECRET INK~~ ~~BLACK TOM~~

Since everyone is made so conscious of spies these days, a few examples of spy messages from history may be ^{interesting} illuminating.

SLIDE

WABERSKI MESSAGE

Pablo Waberski was arrested ^{the border} on/Mexican/ in 1918. As you read here he was a German secret agent sent to Mexico to aid in furthering the plans Germany had for bringing Mexico into World War I on the German side--plans which you have already observed in the Zimmerman message, which brought this country into that war.

Another spy case in connection with World War I became known as The Black Tom

SLIDE SECRET INK BLACK TOM CASE

Here you see a page from the Blue Book Magazine, which in 1916 was used to carry messages in secret ink (the so-called invisible ink) to the German saboteurs who were in this country. This is part of a secret ink message in the famous Black Tom explosion (ammunition factory). The case against the German saboteurs was only proved many years after the close of World War I, and these messages buried in innocent-appearing the pages of a magazine were a significant element in the proof.

Now lest you get the impression that spies are never found among Americans let me return to early history and remind you of Benedict Arnold. Here you see a page from a letter of Benedict Arnold to one of his fellow conspirators. The cipher used ~~is~~

is called a dictionary ^{code} cipher--each word is represented by 3 numbers, designating page, column, and line of a dictionary. To each of these numbers Arnold and his fellow conspirators added the number 7. Here Arnold offers West Point to the British for ~~100x~~ 20,000 pounds sterling.

^{same} This type of cipher system was used by a vast ring of international conspirators in World War I.

SLIDE HINDU DICTIONARY CODE

In 1918 the British government asked the aid of the United States in apprehending and prosecuting a large number of Germans and Hindus in this country who were fomenting known to be ~~xxxxxxx~~ a conspiracy in India against the British Empire. I had a part in the solution of the vast amount of correspondence by which these conspirators carried on their activities. ~~Their system consisted of~~ A large number of these agents were ~~xxxxxxx~~ tried right here in Chicago, when some 50 or 60 persons were convicted. Another and even larger number, nearly 150 persons were tried in San Francisco some months later. The cipher systems they employed were either encipherment of words by means of a dictionary (which you have already heard about in the case of Benedict Arnold) wherein a combination of 3 numbers designating ^{ed} page, column and line ~~represented~~ ^{for} each ~~concealed~~ word, (The dictionary employed was a German-English 2-volume dict. of 1880) ^{of} a similar method ~~employed by these~~ ~~agents~~ the use of a group of 3 numbers each of which represented page-line-and letter in a book of running text. In ~~such a~~ ^{this latter} system messages were enciphered

SLIDE HINDU 2ND CASE

letter by letter, not by words, as in the dictionary code. Here you see an example showing how ^a ~~the~~ message was deciphered without the key book by assuming words in the text of the message, then building up words in the key-book, the latter then yielding further decipherments in the message. ~~IN~~ All these cases were solved by us without the key books. The finding of these books at the actual time of the trials constitutes a dramatic story in itself. ^{Attorneys, believing it would be} a very difficult matter to demonstrate our solution to a jury, advised us to find the actual key books used, if possible. After trying all over this country

Here you see a message found on the person of a German spy arrested in the U S in connection with World War II. It is remarkable especially for the fact that it is really incredible that Germany should have permitted the use of such an extremely simple system --single substitution-- by a person whose very life was dependent on concealment.

Contrast the almost completely naive system the German government permitted an agent to use as late as 1940 with the complex enciphered code message I showed you used by Pacific Coast rum-runners. The Rumrich spy message could have been solved, though a single message, ~~known~~ by a mere novice--the rum-runner message could never have been solved had there not been available for study many, many additional messages.

In fact almost ^{all} of the liquor-smugglers became wise enough to employ enciphered code, as a system of communication. This was true in the case of the vessel IMA LONE which ~~operated as a one-man dynamo~~ ^{was a} in the game of liquor smuggling ^{middle of the Prohibition Era} in the Gulf of Mexico in the ~~late 20's~~. Altho she flew the Canadian flag and claimed to be of Canadian registry the U S authorities had from the ^{very} first regarded her as ^{an} American owned rum-runner.

~~SLIDE IMA LONE VESSEL~~

In the ~~spring~~ ^{March} of 1929, the newspapers of the country suddenly filled with the story of the sinking of the ~~rum-runner~~ IMA LONE flying the ~~Canadian flag~~ in the Gulf of Mexico. The ship had been sighted by the Coast Guard inside the three mile limit and had been ordered to stop for boarding. The vessel had turned about in defiance of the order and headed towards the open sea. The Coast Guard pursued ~~the IMA Lone~~ ^{her}, ordering her repeatedly to stop, and finally some miles out, the CG fired across the bow of the vessel, this in full compliance with international law, as a method of forcing ~~her~~ to stop. In so doing a shot actually struck the bow of the vessel and as a result the vessel sank.

with the exception of one man who drowned--a needless casualty according to the other crew members if there had been life preservers aboard. The survivors were The Canadian crew were saved ~~and~~ taken in by the CG to the Port of No. where they were held under the charge of smuggling liquor into the U. S. Two days later, the US gov't was greatly astounded ^{for} the Canadian government ~~presented~~ ^{presented} a formal claim for damages ~~for~~ one quarter million dollars. Since enforcement authorities had always regarded the IMA Alone as an Amer. vessel ^{in spite of her} ~~even tho' sailing under Can. registry and flying the Can. f~~

opening the trial opened. It was Price Collier's Germany and the Germans"

ESF Box 17 file 10 5-1-15

The newspapers of this country put forth screaming headlines:

ATTEMPTED MURDER IN THE

INSANE BATTLE TO KEEP ALCOHOL AWAY FROM THE SHORES OF THE FREE

Randall, the master of the IMALONE a former Naval officer, was hailed as a great man and hero whose having received the D.S.C. and the Croix de Guerre surely proved him a man whose honor could not be impugned. The American Embassy in Paris was stoned. The U.S. Consul in Belize (British Honduras) had to have police protection. British newspapers exhibited both approval and anger: while some cried BLOODY BLIGHTERS SHOULD BE CHARGED WITH MURDER and DAMNED REVENUERS MAKE IT HOT FOR THEM, one British official was quoted as calling Randall the IMALONE skipper a pirate and another deplored Canada's "hasty action" in presenting the claim for damages. But -- ~~that fact was not to be~~

the fat was in the fire: Either the U.S. after long arbitration proceedings would be

compelled to pay the Can. gov't the quarter of a million dollars asked or Can's claim

that the vessel was in reality a British vessel, would have to be disproved. U. S. ~~22732~~

enforcement authorities were therefore, charged with the duties of supplying proof...that

the vessel was actually owned by Americans. This ~~was~~ was no easy matter. ~~Ugh, Customs~~ ^{Ugh, Customs}

men worked assiduously for months and were unable to uncover even a shred of evidence, bolster

ing their conviction from the start that the vessel was ~~an American vessel~~ smuggling under the

direction of American owners. They had tramped the swamps and bayous of Louisiana; they had

questioned and paid off ~~in~~numerable informers who claimed they could provide leads.

Outside of a few clues, nothing concrete developed. Six months, ~~ten~~ ⁸ months passed.

Meanwhile, I had been
~~Then in the summer of 1929,~~ I was summoned to Houston, Texas, to ~~decipher~~ ^{work on} messages which
~~might involve suspected smugglers.~~ ^{THIS} It was thought that the messages when deciphered
~~would provide evidence and proof against defendants in cases then pending in courts~~
~~of southern Texas.~~ ^{in Houston} The U. S. attorney's office had, subpoena duces tecum what ~~had~~ amounted
to a trunk full of suspicious messages in code and cipher which had passed over a period of
some months between N. Y., ~~and~~ New Orleans, and Belize, Br. Honduras. The U. S. attorney
was particularly anxious to uncover evidence in connection with one Marvin J. Clark, ~~XXXX~~

~~XX~~
~~XX~~
wanted from Canada to Panama, from the Rio
Grande to the Caribbean, known as "Big Jim" throughout the Western Hemisphere. ~~XXXXXXXXXX~~

~~XX~~
~~XX~~
The trunk full of messages were studied, analyzed, solved. All which applied to ~~the~~ ^{other}
~~law-violators~~ ^{most} then on trial in the several cases in that district, ~~were placed in evidence.~~ ^{and were used as}

But there was one group of messages which when solved fitted nowhere in the local picture.

SLIDE MOCANA MESSAGE

On my way back to Washington I stopped over in New Orleans and turned these messages over to the supervising customs agent there. *This man, Edna Shambart - the series* It was chiefly upon this man that there rested the *was chiefly responsible for providing proof that* burden of proof that the IMALONE was American-owned. As he studied the plain language

text of the messages ~~I had solved~~, he observed that in two respects the contents ~~of~~ therein coincided with known facts about the IMALONE--namely, the arrival and sailing dates of the un-named vessel ~~in~~ *the* my messages, ~~and the~~ were the same as the arrival and sailing dates from Belize of the IMALONE, ~~and~~ *Secondly* the quantities of contraband named in *the* my messages coincided with the quantities of various whiskies and the like which were shown on the manifests of the IMALONE. Here was concrete evidence indeed---

since these messages were sent and received from New York City, ~~and~~ *there* only remained ~~for~~ *to* be ascertained

✓ the identity of the American sending and receiving them. *Edna Shambart* The Customs agent performed some fast work, and ~~through~~ *SLIDE DAN HOGAN* in spite of assumed names and unlisted telephone numbers

and like subterfuges among racketeers, *he* was able within ten days to arrest ~~him~~ *scale his quarry and*

one of the real owners of the Imalone, Dan Hogan, in his Park Avenue apartment. It took many months of exciting and dramatic

episodes to apprehend Big Jim Clark, the other American owner of the IMALONE, many

of which surpass your favorite suspense mystery. ~~But I must be brief.~~ The International

Tribunal ~~which~~ finally settled the IMALONE case ~~was held in Washington in 1934.~~ *5 years after the sinking* Justice

Van ~~Deventer~~ of the U.S. Supreme Court and Sir Lyman Poore Duff, Chief Justice of the

Canadian Supreme Court, ~~xxxxxxx~~ *among others* comprised the Court, before which I testified. [The

original quarter-million-dollars damages claimed by Canada had now by reason of accumulated

interest risen to a claim of more than \$365, 000. The Justices ruled for the U S,

American ownership of the vessel having been amply proved, and the only damages allowed *in sinking*

were \$25,000 to Canada for the insult ~~to~~ her flag, and a few thousand dollars to the mem-

bers of the IMALONE crew for the loss of their personal effects. [Please understand

SLIDE THE GORDON LIM CASE

In 1938 the Royal Canadian Mounted Police, who ^{as you know,} ~~in Canada~~ ^{Speech given to Mary Bethelme Club?} are the law-enforcement agency of the ^{Canadian} governemtn, asked for help in ~~sending~~ some messages in the GORDON LIM Case.

For 16 years the RCMP had been convinced that the man Gordon Lim, a wealthy cultured

Chinese importer of Vancouver and Victoria, British Columbia, had been engaged in ^{opium & other} smuggling narcotics out of Hongkong. ^{Shanghai} ~~He~~ ^{Q-Lim} was a distinguished upper-class gentleman who

never for a moment could be found to have any personal contact with the purveyors and

sellers of ~~the~~ narcotics. ^{YET} the officers were certain Gordon Lim was responsible. ^{For years} ~~for~~

~~they could get no evidence to tie to him.~~

in the background. Then came a lucky break for ~~the officers~~ and they were able to

raid one of his import shops. There, in a safe, was found not only ^{opium} ~~some narcotics~~

but 17 cable messages passing between Vancouver and Hongkong, obviously in a cipher or

code.

SLIDE G***** LIM MESSAGE

When I received these ¹⁷ messages I assumed that they consisted of a cipher system superimposed upon

SLIDE CHINESE TELEGRAPH CODE

the number groups which for the purposes of telgraph or cable must be used in place of the Chinese characters--which obviously cannot be transmitted by radio or cable.

This Chinese commercial dictionary consisting of 10,000 characters most commonly used in business, is one of several compiled for just that purpose. The messages must therefore be in enciphered code--a difficult system, even when there is a large amount of material, in this case notably small. In addition upon analysis it was found that not only one but several different cipher keys had been used even in these few messages.

^{none} The matter looked hopeless for a long time; then I succeeded in making a start by assuming that the habit so common in business practice of ending a message with ADVISE, CABLE REPLY, REPLY IMMEDIATELY or the like, prevailed also in these messages. And so it proved. With the aid of the official RCMP Chinese interpreter after I reached

Vancouver on the eve of the ^{first} trial against Gordon Lim and his underlings, I was able

17

to produce plain language for all of the original ^{also} and other messages later submitted to me.

The disclosures that LIM's smuggling operations had been carried on for years on the

Canadian Empress liners, and on United States Blue Funnel Line freighters--an expertly

organized activity entirely unsuspected by the owners and masters of the vessels, was very revealing,--each of these vessels had one crew-member who was Gordon Lim's man. He would see that somewhere between two of the lower decks of the vessel the regular stanchion ~~was~~ was replaced by a hollow steel stanchion or upright. In the Chinese port, this crew member would place the narcotics to be brought on that trip within this hollow stanchion. The Opium was ~~wrapped~~ ^{placed} in small burlap-packages ~~wrapped~~ looking like tiny bales of cotton. Each was tied in succession to a long heavy rope. When the vessel reached our shores a confederate swam out from shore a mile or two, the Chinese crew member tossed the end of the rope to him, and the swimmer returned to shore trailing the long series of tiny bales of opium under water. This method went undetected, as I said, for many years and Gordon Lim was worth many millions of dollars.

Conclusion
 I am concluding my ~~personal~~ experiences with this case because ~~this~~ to Gordon Lim that a parallel may be drawn in ~~the~~ the problems facing us today. I am speaking entirely as a private citizen. I have no connection whatsoever with the U S Gov. at the present ~~time~~. My views are my own and represent no official outlook or program.

I have told you that the RCMP tried for 16 years to "catch" Gordon Lim; that he never "soiled his hands" so to speak, with any of the every-day details of his organization; he was never for a moment seen with any of the underworld ~~characters~~ who sold his wares. Recently in this country every one was shocked and frightened by the revelations of the use of narcotics here and the spread of the habit to a lower-age class than previously ~~known~~ ^{thought}. But I ~~was~~ ^{believe} with firm conviction that this problem will not be solved by catching a few purveyors of marijuana or heroin ~~outside~~ ^{to} ~~selling~~ outside two or three highschools. The stuff cannot be sold if it cannot be procured. It is ~~almost~~ ^{almost invariably} procured through the gangsters and racketeers who are responsible for smuggling it ~~in~~ ^{into this country}. ^{recent} ~~Ten~~ great and startling increase in narcotics ^{has been reported} coming into this country from Italy, according to the Bureau of Narcotics, ^{I have been told by a spokesman from} ~~is~~ ^{believed not to be a} mere coincidence with the fact the Lucky Luciano and a few other gangsters who grew racket-wise in the United States are now DEPORTEES in Italy. You may well

13
ask "why deport them only to permit their rackets to flourish even better from elsewhere where they are unmolested?" A related

~~another~~ factor in this struggle ~~(against all other aspects of Big Crime today)~~ ^{in every organized crime game,} is the practise of the ~~Bigtime gangsters~~ ^{of employing dope addicts} ~~of~~ ^{cocaine or heroin}

as underlings. By the lure of the ~~narcotics~~ furnished to them by the "Big Guys", the addicts will be influenced to perform any and every aspect of ~~the~~ criminal operation,

whatever that may be. And not only that, ^{usually, promise to} they ~~will~~ "take the rap" for the Big Guys,

~~usually, also~~ in return for the drugs they cannot live without. The connection of

the Big Guy with the crime is many times as difficult to prove as Gordon Lim's smug-

gling operations and for the same reason:--the real criminals do not "soil their hands" with the sordid details.

The Great Experiment--the Prohibition Era-- was significant for its demonstration that making liquor illegal did not keep liquor away from the American people who ~~wanted~~ it. This era brought on an epidemic of organized crime, for the lure of its fabulous profits attracted the great and the small of the racketeering world. The Reifel Brothers of Vancouver ~~today~~ about whose smuggling empire you heard earlier this evening, are multi-millionaires today, their fortune now used for legal enterprise (at least as far as I know). There was a wedding in Montreal not long ago ~~of~~ ^{of a} Miss Bronfman; it was said to be the most glamorous wedding ever on this continent. ^{the bride was} ~~Miss Bronfman is~~ the daughter of a liquor manufacturer whose smuggling corporation ~~The United Distillers, of~~ ⁱⁿ Eastern Canada, was second only, during the Great Experiment, to the Reifel Brothers. Yes, the great temptation initiated by Prohibition made racketeers of many otherwise respectable men. Hence many people claim that is the feature of being illegal that shoots up the cost of a given article, which in turn attracts the big operators of the underworld. *This is one of the arguments heard now for legalizing gambling.*

There are ~~therefore~~ ^{also} two schools of thought on the narcotics problem. It is argued that the criminal element will take over wherever there is money to be

made: ergo the high cost of narcotics is because they are illegal: ergo, take away the laws against their use. England, the Scandinavian countries and Switzerland